

Social Security Advisory Board

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Dear Mr. Chairman :

Chairman

Sylvester J. Schieber

Members

Dana K. Bilyeu

Jeffrey R. Brown

Dorcas R. Hardy

Marsha Rose Katz

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Mark Warshawsky

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Joe Humphreys

I am writing on behalf of the Social Security Advisory Board to urge that the fiscal year 2007 administrative funding level for the Social Security Administration be significantly increased over the level provided in the continuing resolution adopted by Congress in December 2006. The funding level in that resolution would, if continued for the full year, fall approximately \$400 million short of the amount recommended in the President's budget and well over \$1 billion short of the funding level submitted by the Commissioner, as required by law, as her determination of the amount needed to fully carry out the agency's responsibilities on behalf of the American public. At a minimum, Congress should provide the funding recommended by the President.

The operations of the Social Security Administration are, without question, crucial to the economic security of Americans. 55 million persons now receive Social Security or Supplemental Security Income payments from the agency totaling some \$585 billion annually. Millions of new applications are handled each year, and over 100 million phone calls are placed to the agency's offices and 800 number. 162 million workers pay taxes into the program.

The Social Security Administration is widely regarded as one of the best examples of excellence in government administration, and the agency has demonstrated significant productivity gains year-after-year. It is arguably one of the most familiar "public faces" of our government. Nonetheless, largely because of inadequate levels of funding in the face of increasing workloads, it has been unable to provide the level of service to the public and stewardship of the program that beneficiaries and taxpayers have a right to expect.

For example, there are enormous backlogs in the hearings process that have been steadily rising so that there are now over 700,000 persons who have applied for disability benefits administered by Social Security waiting for a hearing on their claims. They will typically wait for close to a year and a half to get a decision. In addition, even though continuing eligibility reviews of disability beneficiaries are estimated by the agency's actuaries to save \$10 in

incorrect payments for every \$1 expended, they have been seriously curtailed due to budgetary constraints.

As disturbing as this situation is currently, at the funding level provided in the December 2006 continuing resolution, the situation will get much worse. The agency has already instituted a freeze on hiring and eliminated overtime, and has even more drastically reduced the conducting of eligibility reviews and other stewardship activities. The Commissioner has predicted that it will be necessary to shut down Social Security offices for 10 days this year if that funding level is not increased. These cutbacks would represent a severe dereliction of the service that is owed to the public while at the same time having taxpayers bear the burden of billions of dollars in incorrect payments, particularly in the Supplemental Security Income and Disability Insurance programs, a burden that could be prevented.

Excellent public service and a high level of program integrity should be the hallmark of the Social Security Administration's operation of these vital national programs. The Social Security Advisory Board strongly recommends that you support a level of administrative funding that will make it possible for the agency to try to achieve those objectives.

Sincerely,

Sylvester J. Schieber
Chair

This letter was sent to the House and Senate Appropriations committees and to the House and Senate Leadership.